

Minutes of Special Meeting
Illinois Gaming Board
February 14, 1992
Des Plaines, Illinois

A Regular Meeting of the Illinois Gaming Board was held at 9:00 a.m. on February 14, 1992 at the Board's Des Plaines, Illinois offices. The meeting was called pursuant to previous action of the Board in establishing it's Regular Meeting schedule and notice was duly and timely given to each Board Member and to the general public in conformity with Section 2.02 of the Illinois Open Meetings Act.

The following Board Members were present: William J. Kunkle, Jr., Chairman and Members William J. Chamblin, J. Thomas Johnson and Raymond C. Niepert. Also in attendance were Administrator Morton E. Friedman, Deputy Administrators J. Thomas Hutchison, Joseph Mc Quaid and Marcy L. Wolf; Chief Counsel Donna B. More; other Board staff, the media and the general public.

The meeting was called to order by Chairman William J. Kunkle, Jr. at 9:10 A.M.

The first order of business was the approval of the minutes of the Special Meeting of the Board held November 19, 1991. There being no corrections, additions or deletions offered by members, the minutes were approved without objection.

The next order of business concerned establishing a regular meeting schedule for calendar year 1992. It was determined that the members would discuss the schedule against personal calendars during a closed session.

The next order of business was a presentation made by the City of Moline, Illinois. The Chairman recognized Mr. Louis Garippo, attorney for Renew Moline, Incorporated.

Mr. Garippo presented the position of the City of Moline in their desire to have a gaming enterprise found suitable for licensing in that city. He told the members that the Board should act to deny a finding of suitability with respect to Arch View Casino Cruises, Incorporated so that the two applicants who wished to locate in the City of Moline could be considered.

Chairman Kunkle asked Mr. Garippo if he felt that the Riverboat Gambling Act allowed the Board to consider applications filed after the statutory deadlines imposed on applicants for the first and second round filing periods. Mr. Garippo responded that the Act provided that applications could be filed with the Board at anytime by January 1 of the year preceding the year in which the enterprise wished to begin operations. Mr. Garippo also pointed out that the Act states that the Board may issue licenses. He noted that the Board is not mandated to award licenses. The Chairman next recognized Honorable Allen McCaulley, Mayor of the City of Moline, Illinois.

Mayor McCaulley told the Board that the City of Moline wanted its own enterprise licensed and located in Moline, not a shared license with another enterprise from another community. He stated that the city's plan for riverfront development required a separate licensee to provide revenue support. He noted that one of the Moline applicants, Sahara Resorts, had recently stated

that they would provide a \$5 million bond to the city to guarantee the construction of a 300 room hotel and theme park. The Mayor introduced Mr. Steve Hyman and Jay Pressler, of Renew Moline, who provided the Board with details of Moline's riverfront development plan. They noted that \$50 million would be invested in the Renew Moline project. Mayor McCaulley concluded the presentation stating he would submit a revenue sharing plan to the Board in the near future that would benefit both the cities of Moline and Rock Island. There was no further discussion.

The next order of business was a presentation by the Mayor of the City of East St. Louis. The Chairman recognized Mr. H. C. Milford, Director of Economic Development for the City of East St. Louis, who noted that Mayor Gordon Bush had not yet arrived but would begin the city's presentation nevertheless.

Mr. Milford introduced East St. Louis city officials. He told the Board that riverboat gambling was the catalyst for economic development in East St. Louis. He noted that proceeds from riverboat gambling would be the primary source of funds to repay loans granted to the city by the State of Illinois. Mr. Milford introduced Mr. Ernest Clay, Associate Professor of Architecture, University of Illinois, who discussed the riverfront plans for East St. Louis. The Chairman asked for questions and recognized Member Johnson.

Mr. Johnson asked questions stemming from a letter that all members of the Board had received from Continental Grain Company concerning the proposed docksite. Mr. Milford responded that he was aware of the letter and advised the Board that Continental Grain was in the process of relocating their facility and noted that the proposed docksite for Arch View Casino Cruises was within one mile of the preferred East St. Louis docksite.

Next Mr. Ellis Mitchell, City Manager spoke to the board regarding future plans for the administration of city government. He presented a City Council Resolution that had been recently adopted expressing support for applicant Arch Paddle Boat Company.

Mr. Johnson observed that at the October 25, 1991 meeting, Arch View Casino Cruises, Incorporated had told the Board that locating an enterprise in Sauget would enhance the opportunity for a successful East St. Louis operator. Mr. Johnson asked whether the representatives of the City of East St. Louis agreed with that assessment. In response, Mr. Mitchell stated that he believed that the City of East St. Louis will be able to attract all the clientele needed for a successful operation. Mr. Milford, however, stated that it was important that an East St. Louis enterprise be allowed to operate without competition for a period of time to establish itself. Chairman Kunkle asked about the City's opinion regarding the proposed revenue sharing plan offered by Arch View and whether there was a sufficient market in the area to support both enterprises. Mr. Milford responded that the City preferred having one enterprise in East St. Louis established before any others. The Chairman asked whether the City of East St. Louis had considered any form of revenue sharing. Mr. Milford responded, no.

The Honorable Gordon Bush, Mayor of the City of East St. Louis, joined the discussion. Mayor Bush urged the Board to oppose all applications until after an enterprise in East St. Louis is operational. He noted the the City had placed its future ability to repay state loans solely on receipts received from gaming. Member Niepert asked about concerns he had heard regarding controlling criminal activity at the docksite. Mayor Bush responded that the location of the docksite was in a remote area of the city and would be a secured area. Mr.

Niepert asked how much time was necessary for an East St. Louis enterprise to be operational before other applications should be considered. Mayor Bush responded that he was unable to respond specifically. Mr. Niepert asked what the operational target date for Arch Paddle could be. Mr. Milford stated July, 1992. The Chairman asked whether the applicant had begun talks with the U.S. Coast Guard and the Army Corps of Engineers? Mr. Milford stated that those discussions were already underway.

At this point, Mr. John Janicik, attorney for Arch Paddle Boat Company and Mr. Charles Bidwell, III President and one of the applicant's investors joined the discussion. Mr. Johnson asked whether they felt locating an enterprise in Sauget would have a negative impact on the success of the Arch Paddle operation. Mr. Bidwell and Mr. Janicik responded that they felt there would be very little impact. Mr. Janicik requested to clarify the record and stated that Arch Paddle was unable to provide a projected operational date.

Mr. Johnson asked Mr. Friedman when the Board might expect receiving the results of Arch Paddle's background investigation. Mr. Friedman responded that April, 1992 would be the earliest that the investigation could be completed. There was no further discussion.

At 10:35 A.M. the Chairman recessed the Board for a ten minute break.

The Illinois Gaming Board reconvened at 10:45 A.M.

The next order of business concerned the pending owners application received from Arch View Casino Cruises, Incorporated. The Chairman recognized Mr. Michael Ficaro, attorney for the applicant.

Mr. Ficaro presented the application and the reasons the Board should find the application suitable for licensing. He stated that the Riverboat Gambling Act required the Board to take action on the application without reference to any other application that had been filed with the Board after January 1, 1991. He noted the Act provided that the Board was mandated to take prompt action to approve or deny all owner applications. Mr. Ficaro stated that the Board's inaction had cost the State of Illinois one-third of a year in revenues that would have been collected.

Mr. Ficaro said that the Arch View applicant was 100% financed and ready to implement the application and financial plan when granted a finding of suitability. He noted that no other current applicant could be considered to be in competition with Arch View unless that application was filed on or before January 1, 1991. He additionally noted that the Board had not formally determined whether additional applications could be accepted or investigated. He suggested that the Board was unable to consider further applications as competing with Arch View.

Reviewing the Act, Mr. Ficaro stated that Arch View had met the statutory requirements mandated for an applicant to be found suitable for licensing as an owner. He reviewed elements of the application as they related to economic development and tourism, potential revenues that would flow to the state, the proposed revenue sharing plan for ten local communities and the individual qualifications of George Middleton, the sole investor of Arch View. Mr. Ficaro concluded by urging the Board to find the application suitable for licensing.

The Chairman asked for discussion and recognized Member Johnson.

Mr. Johnson asked whether the term "economic development" was limited to development of an enterprise alone, or if the Board was to look at potential ancillary development of the area in which the enterprise would operate? Mr. Ficaro responded the the Act contemplated the term in two ways; tax revenue to be derived and tourism. Mr. Johnson asked whether it was appropriate to locate a licensee in a community of 200 population. Mr. Ficaro responded that the General Assembly had contemplated the issue and had specifically authorized the Board to grant a license to a community with a population of less than 2,000.

Mr. Johnson asked whether Arch View had secured a vessel. Mr. Ficaro responded that construction of the proposed vessel had not commenced due to the Board's decision to delay consideration of the application. Mr. Ficaro noted that the financial plan of Arch View included a vessel building schedule consisting of two complete shifts. He added that Arch View could be in operation in late summer, although further delay would make that plan inoperable. There was no further discussion.

The Chairman next reviewed the issues that would be under discussion during a Closed Session of the Board. These included the Arch View application, the Minutes of the Closed Session of October 25, 1991, and, review of supplier and occupational applications.

Mr. Niepert moved that pursuant to the provisions of Illinois Revised Statutes 102, Paragraph 42.02(g), (h) and (k), that the Board retire to Executive Session. Mr. Chamblin seconded the motion. The Chairman called for the yeas and nays. The motion was approved unanimously by voice vote and the Board retired to Closed Session at 11:35 A.M.

The Illinois Gaming Board reconvened in Open Session at 1:56 P.M. The Chairman reported that the minutes of the Closed Session of October 25, 1991 had been approved.

The next order of business was consideration of Arch View Casino Cruises, Incorporated. Mr. Johnson moved that the application received from Arch View Casino Cruises, Incorporated for an owner's license be found unsuitable for licensing. Mr. Chamblin seconded the motion. The Chairman called for the yeas and nays by roll call vote. The members responded verbally to wit:

Mr. Johnson	Yea
Mr. Niepert	Nay
Mr. Chamblin	Yea
Mr. Chairman	Nay

The motion failed 2-2.

The next order of business was consideration of applications received for Supplier's Licenses. The Chairman recognized Mr. Friedman.

The Administrator requested Board approval of the staff's report with respect to approval of the following applicants:

Nevada Dice Company, d/b/a Bud Jones Company
Green Duck Corporation
George C. Matteson Company, Inc.

He noted that the background investigations revealed no derogatory information with regard to the applicants.

Mr. Niepert moved that the report and recommendations of staff regarding the above named be accepted and approved for licensing. Mr. Chamblin seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned applications received for Occupational Licenses. The Chairman recognized Mr. Friedman.

Mr. Friedman requested the approval of the staff's report with respect to numerous applicants. He noted that the report included both recommendations for denial and approval of Occupational Licenses.

Mr. Chamblin moved that the report and recommendation of the staff with respect to the Occupational Licensing of individuals be accepted and approved as submitted. The motion included denial of Occupational Licensing to individuals specifically listed within the report. Mr. Niepert seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business was a request received from Des Plaines River Entertainment Corporation to change its name to Empress River Casino Corporation.

Mr. Niepert moved the name change be approved. Mr. Chamblin seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned a request received from Southern Illinois Riverboat/Casino Cruises, Inc. to modify their application to allow for a barge type docking facility.

Mr. Chamblin moved the request be approved. Mr. Niepert seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned the approval of an investor applicant for Greater Peoria Riverboat Corporation.

Mr. Johnson moved the Board deny approval of the additional investor. Mr. Johnson explained that the Board was unable to determine the source of funds of the individual in question due to an inability to access the information from a foreign government. He added that the individual had asked that the Board take action to allow release of the invested funds. Mr. Chamblin seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The Chairman noted that it was the Board's policy to deny applications whenever staff was unable to access all information that would provide the Board with a full and complete investigation of applicants.

The next order of business concerned status reports of owners. The Chairman recognized Mr. Tom Long of Alton Riverboat Gambling partnership.

Mr. Long told the Board that the Alton Belle Casino should be considered a successful operation. He noted that the average daily attendance was over 1600 passengers and that the house win was over \$13 million since opening on September 10, 1991. He reported no problems were being experienced. The Chairman called for discussion and recognized Member Johnson.

Mr. Johnson asked when the Board could expect the partnership to place a second or larger vessel in service. Mr. Long responded that the partnership would make a decision after knowing the results of the Missouri referendum concerning riverboat gambling in that state. He noted the referendum would be acted upon in November, 1992.

Mr. Chamblin asked for comment on the economic impact of the Alton Belle on business in the City of Alton. Mr. Long responded that motel occupancies have increased and noted that sales tax collections for the Alton Belle exceeded the combined Alton downtown sales tax collections. He noted that the partnership had hired 567 persons. There was no further discussion.

The next presenter recognized was Mr. Thomas Moore, attorney for Greater Peoria Riverboat Corporation.

Mr. Moore told the Board that the Par-A-Dice was exceeding all expectations and that the focus for the GPRC was their impending move to the permanent docksite in East Peoria. He noted that while there were some political and financial problems, he estimated the move would occur by mid-summer.

Mr. Johnson asked Mr. Moore to describe the political problems. Mr. Moore responded the City of Peoria was concerned with GPRC's decision not to operate the Spirit of Peoria as an excursion boat this summer. There was no further discussion.

Mr. Johnson moved that the owner applicant Greater Peoria Riverboat Corporation be granted final approval as a Holder of an Owner's License. Mr. Niepert seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

At this point the Chairman recognized Mr. Louis Garippo, attorney for Mr. Osamu Kasuya, the investor in Greater Peoria Riverboat Corporation, who was earlier denied approval as an investor by the Board. Mr. Garippo requested that the Board reconsider their action with respect to this individual and allow Mr. Kasuya to withdraw his application.

Having voted on the prevailing side, Mr. Johnson moved that the vote by which investor Osamu Kasuya was denied be reconsidered, that the motion to deny be tabled and that the Board approve a request to withdraw the application. Mr. Chamblin seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business were status reports of applicants found suitable for licensing. The Chairman recognized Mr. William Widner of Aurora Riverboats, Incorporated.

Mr. Widner told the Board that ARI had submitted a written proposal to the Board describing a new financial plan. He noted that the financing scheme was unique to the gaming industry and that Payne-Weber was preparing "Gaming Advantage Notes". He stated that ARI had taken possession of the land constituting the docksite and that site improvements were underway. Mr. Johnson asked that information be supplied to staff describing the investment scheme in greater detail. Mr. Widner responded that the information would be submitted. Mr. Friedman told the Board that staff was reviewing the proposal but was not yet ready to provide a recommendation to the Board. Mr. Widner noted that hopefully the marketing of the proposed notes would commence in March, 1992.

The next applicant was Des Plaines Development Corporation. Mr. Larry Suffredin, attorney for the applicant, told the Board that DDC and the City of Joliet had determined that a temporary docksite would not be feasible and that development of the enterprise would depend on the completion of the originally proposed boat basin. He noted the development package between the City of Joliet and DDC totalled \$41 million. He also stated that the proposed vessel would have a capacity of 700 passengers with 500 gaming positions. Mr. Suffredin stated that DDC hoped for an operational start date of January, 1993. He concluded that the applications of the PROMUS corporation had been filed with the Board for investigation and approval.

Mr. Johnson asked if the capacity of the vessel had changed from the original application. Mr. Suffredin responded that he did not recall the capacity of the originally proposed vessel. Mr. Johnson requested that DDC and Empress River Casino Corporation submit detailed information concerning the amount of investment required for the enterprise and what amount of the investment was for improvements to the City of Joliet. Mr. Suffredin responded DDC would submit the information which would be contained in the development agreement between the city and DDC.

The next applicant was Empress River Casino Corporation. Mr. Phil Griffith appeared on behalf of the applicant and told the Board that construction of their vessel, the Empress, was on schedule and would be launched on February 21, 1992 in Jacksonville, Florida with final completion anticipated in May, 1992. He noted the land facility was under construction and that the investment of the project would total \$27 million. Mr. Griffith stated that the Internal Controls for the enterprise had been submitted to staff.

Mr. Johnson asked that ERC submit the information requested of Des Plaines Development Corporation concerning investments made benefitting the City of Joliet.

The next applicant was Jo Daviess Riverboat Corporation. Mr. James Sheerin appeared on behalf of the applicant and told the Board that the Corporation had completed organizing a joint venture with additional investors; the owners of Eagle Ridge Resort, and that applications had been filed with staff. He noted that the recently purchased vessel had cleared the Panama Canal on its way to being retrofitted in Alabama. The vessel, the Galena Eagle, was of a cruise ship design with 600 gaming positions. Mr. Sheerin stated that the enterprise hoped that operations would commence in late April, 1992.

Mr. Johnson asked staff what the status of investigations of the additional owners was. Mr. Friedman responded that the investigations were underway and that the applicants were in the process of submitting additional information to staff.

The next applicant was Rock Island Riverboats. Mr. Michael Ficaro appeared on behalf of the applicant and told the Board that the Casino Rock Island would meet their originally proposed opening schedule of March 1992. He noted that he hoped that the Board would be able to authorize a final practice gaming excursion during the first week of March. There were no questions.

The next applicant was Southern Illinois Riverboat/Casino Cruises, Inc. Mr. David Fishman appeared on behalf of the applicant and told the Board that the bidding process for construction of a vessel has been completed and that contract negotiations were in process. He noted that the present operational date was late February or early March of 1993. Mr. Fishman stated that riverfront plans for access roads and parking had been submitted to the Army Corps of Engineers, and state and local officials for review and approval. He advised the Board that based on the experience of the Alton and Peoria enterprises, that there was consideration of excluding the planned buffet area aboard the vessel and adding gaming positions. He noted that such a change would produce a 20,000 square foot casino.

Chairman Kunkle asked about the status of the Kentucky - Illinois border issue. Mr. Fishman responded that the U.S. Supreme Court had appointed a Special Master to bring final resolution to the issue. There was no further discussion.

The next item of business concerned a presentation by a group of citizens from Jo Daviess County. The Chairman recognized Ms. Sara Fisher of Galena, Illinois.

Ms. Fisher told the Board that she was presenting a petition to the Illinois Gaming Board containing 4,000 signatures of area residents who were opposed to the plans of Jo Daviess Riverboat Corporation. She requested that the Board hold a Special Meeting in Galena to review the concerns of the citizens. She stated that Jo Daviess Riverboat Corporation was creating an environmental risk to an adjacent wildlife and fish refuge. She alleged that violations of U.S. Fish and Wildlife Service regulations had occurred and that damage to protected wildlife in the area had already been experienced. She noted that JDRC's docksite developer had been cited for these violations in June, 1991. She stated that JDRC had not disclosed this information to the Board and that violations were continuing. Ms. Fisher requested that the Board suspend the finding of suitability with respect to JDRC until the allegations and an environmental impact study had been completed. Additionally, Ms. Fisher told the Board that local citizens objected to the use of the word Galena as part of the vessel's name. She alleged that JDRC was deceiving the public by using the name.

The Chairman next recognized the Honorable Jack Doyle, Alderman, City of Galena, Illinois who told the Board that he opposed the plan of JDRC because it would cause a monopoly. He noted that the purpose of the act was to create economic development and that it was his opinion that no other hotel operation would be willing to build in the area because of the ownership interest by the investors of Eagle Ridge Resorts. He requested that the Board examine the interests between JDRC and Eagle Ridge closely.

The next individual recognized was Mr. John Kent, Professor of Economics, University of Illinois. Mr. Kent told the Board that he wanted to provide the Board with updated economic data concerning gambling from the National Bureau of Economic Research. He noted that according to the study, gambling caused

economic dysfunction, exploitation of minorities and low income groups, social dysfunction and, after time, increased taxes to address additional social problems. There were no questions.

The Chairman next recognized Mr. Charles Splinter, Secretary of the East Dubuque Area Economic Development Corporation. Mr. Splinter introduced other area residents in support of JDRC's plans. There were no questions.

The next order of business was New Business. The Chairman recognized Mr. Johnson.

Mr. Johnson asked for an update on the study that was being done by the Illinois Economic and Fiscal Commission. Mr. Friedman stated that staff had been responding to requests and furnishing information to the Commission over the past several months.

Mr. Johnson indicated that he would be speaking with the Commission in the future about his personal views and opinions concerning gaming in Illinois and wanted other members of the Board to be aware that he would be doing so.

There being no further business to come before the Board, Mr. Johnson moved the Board stand adjourned. Mr. Niepert seconded the motion. The motion was approved without objection and the Board stood adjourned at 3:26 P.M.

Respectfully submitted,

James A. Nelson, Secretary

